

# Biotech industry showing promise, little performance

**United Press International**  
NEW YORK — Gene-splicing may be biotechnology's glamour industry, but Robert Milch prefers to run his business the old-fashioned way.

Milch heads IGI Biotechnology, a Maryland-based firm he says is "in the biological junk business." Founded in 1981, it specializes in turning agricultural and marine waste products into new and salable materials. Its techniques, Milch said, include filtration, fermentation and enzyme reactions.

"We decided to take the conventional techniques, the stuff Pasteur did in 1890, and see what we could do with it," he said.

Many of the new biotechnical companies use recombinant DNA techniques, splicing genes to create new organisms that will react in a specific way with an existing material.

"There's no problem splicing the gene," Milch said. "The problem is getting it to work once you've got it spliced and put in another organism."

A gene that fails to interact as desired once it is let loose is said to have an "expression problem," Milch said. "Expression has become the major problem in genetic engineering. It hasn't produced the great wonders

everyone said. Biotechnical companies in general have been a lot in the way of promise, little in the way of performance."

Genetic engineering will fulfill its potential ultimately, Milch predicted. But in the meantime, he said, there is still plenty to do with the old techniques.

IGI, he said, has patented a method of turning the refuse from orange juice making — mostly peel and pulp — into a fungicide. The shells of crabs and lobsters, he said, have yielded a protein that can be used to kill certain species of worms.

One of IGI's projects involves whey, a byproduct of cheese-making that is high in protein and carbohydrate. The American dairy industry produces about 46 billion pounds of whey a year, Milch said. While some is used to produce non-dairy products like coffee creamer and whipped topping, about half of it is simply thrown out.

"In whey there are proteins and carbohydrates and ash," Milch said. "From the proteins, you can make food and feed products." One of IGI's products, he said, is a supplement that adds protein to junk foods, bread products and pet foods.

The biggest success IGI has had with whey so far, however, is in manufacturing a culture medium for pharmaceutical companies. A medium is an environment in which bacteria can interact to make vitamins, hormones, antibiotics and cheese itself.

IGI uses "novel combinations of conventional state-of-the-art technology," Milch said.

"We've never lived in a resource-scarce society," he said. "But I think we're beginning to realize the resources aren't free. When you're dumping 23 billion pounds of whey you're dumping a hell of a lot of material."

Milch was an orthopedic surgeon at Johns Hopkins University School of Medicine when he became interested in business management and earned an M.B.A. from Loyola College in Baltimore. He was dean of graduate management programs at Loyola, he said, "when a student came up with the idea of going into the enzyme business."

# Costs uncontrollable

**United Press International**  
NEW YORK — Business leaders who are hoping they can control health costs through redesigned medical plans, health maintenance organizations or for-profit hospitals may be in for frustration, according to one expert.

Dr. Richard Egdahl, director of the Boston University Medical Center, argues that improved efficiency and reduction of waste will only stem the growth in health costs, not reduce them.

"If we're going to be serious about cost containment, I'm not sure we aren't kidding ourselves by doing individual programs that really result in cost shifting," he said in a telephone interview.

In the January issue of The Harvard Business Review, Egdahl argued that often-proposed remedies to soaring health costs do not seem to save money overall.

As an example, he cited programs that decrease the length of hospital stays. Since patients near the end of their stay are cheapest to care for, he wrote, beds wind up being filled with more critical cases and the average cost per hospital day rises. While a given company may reduce its own costs, there is no system-wide savings.

The American system is geared to providing almost unlimited medical care to every citizen, Egdahl noted. Medical science continually finds more sophisticated and more expensive treatments. Reductions on one hand only seem to create more demand on another.

In the past decade doctors increasingly have performed ambulatory surgery that allows their patients to avoid hospital stays, he wrote. But despite that, the rate of hospital operations also increased on a per capita basis.

"Competition among physicians has led to the introduction of new marketing techniques, including advertising, which may have increased the public's desire for elective surgery," he concluded.

The only way to really slash hospital costs is to slash the availability of care, Egdahl argued.

"Most individual health care cost-management programs cannot succeed unless there is a simultaneous shrinkage of the health care delivery system, including the number of hospitals and employees," he wrote.

In Britain, Egdahl said, health costs are controlled by an implicit rationing system,

in which patients expect to have to wait years for elective surgery and many citizens do not receive every conceivable treatment.

"Nobody over 65 in England gets dialyzed," Egdahl said. "The doctor says: 'It wouldn't be good for you. They've decided, in effect, to ration.'"

Cutting costs would mean reducing the number of available hospital beds and laying off workers, he added. "The price of getting true cost containment is very great. It's not only less jobs, it's less access. It means in general things just won't be as readily available."

Egdahl doesn't believe Americans are ready to accept such a change, and isn't sure they should be. But he argues that it's time to begin talking about the hard choices that would have to accompany a dramatic cutback in health costs so the population can make informed choices.

He is not, however, opposed to smaller cost containment programs. In fact, he says they will be necessary simply to hold back the inevitable increases in health care spending that will come with an aging population.

## MSC INSIGHT

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## Hightower pessimistic

# Farms facing danger

**United Press International**  
DES MOINES — The nation's farmers must take an active role in drafting and passing a "farmer program" by 1985 if family farms and rural communities are to survive, Texas Agriculture Commissioner Jim Hightower said Wednesday.

Hightower said American agriculture is in the throes of the worst economic crisis since the Great Depression, due primarily to a decade of "high volume and low prices" farm policy that began under former U.S. Agriculture Secretary Earl Butz.

He said if the Reagan administration's current farm program, or lack of one, is allowed to continue, the family farm will "be extinct by 1990." He said farm policy has "gone from Butz to nuts" in the past 10 years.

With government leaders soon to begin work on a 1985 farm bill, the Texas Democrat

said his party has made the crisis facing agriculture, especially small producers, one of the top issues in this year's elections.

"Today you can describe the American family farmer with just five words — he's hardworking, efficient, innovative, productive and broke," said Hightower. The Texan was in Iowa to promote activities in Ames Saturday that include a Democratic presidential candidate forum on agricultural issues.

"Tens of thousands of them are being run out of business through no fault of their own," the chairman of the Democratic National Committee's agriculture council said. "As a result, our small towns are drying up and the economies of entire states in the farm belt remain severely depressed."

"And what's the administration's response? John Block sort of shrugs his shoulders and

David Stockman winks as if he's a little amused that people have caught on to his little scheme.

"We can't let them get away with it, and we're not going to," Hightower said. "We're going to make one very simple question a major issue in this election year: Are we going to have a family farm system or not?"

Hightower will be one of five Democrats participating in a farm policy forum preceding the candidate forum Saturday to discuss a comprehensive, long-term farm program.

Other panel members will include Kansas Gov. John Carlin; Rep. Tom Harkin, D-Iowa; Minnesota Commissioner of Agriculture Jim Nichols and Jim Riordan, an unsuccessful candidate for Iowa Secretary of Agriculture in 1982.

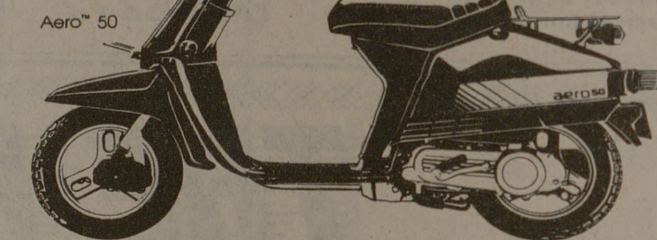
Hightower urged Iowa farmers to attend the forum to provide ideas to be included in the 1985 farm legislation.

"We want the wisdom and the experience of family farmers and those individual entrepreneurs out on the turnrow who don't get to attend those closed-door invitation-only Republican farm policy 'summits' but nonetheless have to live under the policies handed down to them from on high by a bunch of out-of-touch bureaucrats who wouldn't know a hog from a howitzer."

Hightower said a "whole new mechanism" is needed in farm policy to improve prices that farmers receive for their goods, saying the government has been "tossing farmers pigs' feet and pork rinds but it's about time they got hams."

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